

# Electronic Benefit Transfer (EBT) in Farmers' Markets

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Effective November 1999, the Commonwealth fully implemented EBT statewide. As a result, this eliminated the need to issue food stamp benefits via paper coupons.

Although EBT is a better way of issuing food stamp benefits to recipients and easier for retailers, EBT made accepting food stamps for the farmers' market community more difficult.

As most farmers' markets are located in areas not equipped by telephone lines, these markets were unable to serve the food stamp population without some accommodation.

## General Information About EBT for Retailers

### Two Options

There are two options for authorization to accept food stamps available to the farmer. **First option** would be that the farmer would be authorized as a single firm. The **second option** is for the farmer along with a group of farmers, to be authorized as a market. We authorize farmers in some instances when there is an interest and food to sell, and we authorize markets in some instances when we have a group working together.

### Which is best?

If the farmer sells only her/his produce at a regular farmers' market location, then the farmer and the entire group at the market might find it more convenient to be authorized as a market. If the farmer has a roadside stand and sells at this market and other locations then the farmer might want his own authorization so he would have a business outside the "market."

In deciding if a farmers' market wants to be authorized as a group, this group would need to have a market manager. All food stamp sales are "electronic," meaning the money for the sale of the food item goes directly into one bank account for that market (or the individual farmer in the case where the individual farmer is authorized). The market manager would keep records of each food stamp sale by each member of the market and then disburse the funds to each farmer member according to the individual sales. If the individual farmer were authorized rather than a market, the money from the sale to food stamp customers would be transferred directly to his bank account.

What are the issues or responsibilities if a farmer or market is authorized?

If we authorize a farmer in the food stamp program, the farmer must abide by the regulations and laws that govern the food stamp program. Violations can have criminal, civil and/or administrative penalties for violations. If we authorize the market, each farmer that is part of the market would be responsible for following the laws and regulations of the food stamp program.

For applications, we are required to know who the owners of this business are. The farmers' market would list each individual farmer that participates in their market and wants to participate in accepting food stamps. We require, whether we get an application for a farmer or for a market, to have copies of the Social Security number of each owner, and to have proof of identify and business and home address/phone etc. That is, each farmer who wants to participate must submit his or her Social Security number with the application along with their full contact information.

### Possible Barriers

In a world of electronic benefits like EBT, some barriers are created. In order to sell an item to a food stamp client there are two choices: 1) You can do a paper voucher and call in by cell phone to get approval. Once approval is received, the retailer will have 30 days to send in the paper voucher. Once the paper voucher is received by the EBT contractor, the funds are released and credited to the retailer. If the retailer fails to submit the paper voucher for payment within 30 days, the funds are released and credited back to the recipients EBT account. Or you can have phone lines and electricity set up where the EBT machine can be swiped right there as the sale is made. More and more we are gaining access to wireless EBT systems, but in Kentucky as in many states, trying to get a connection via the wireless (cell phone type) systems is often impossible; therefore, making wireless systems often not an alternative for some Kentucky farmers. If you decide to go this route, make sure that reception is clear and constant in the area of the market.

### How Would It Work?

In the food stamp world, a food stamp client can purchase food items for home consumption (not hot foods) by using their food stamp "electronic benefit card." If you are at a roadside stand, you would do a paper voucher, filling out the card number and having the client sign the card. Why? Remember, you must have phone lines and electricity to "swipe" the food stamp card just like our credit cards when we use them in a store.

Even when you use a manual voucher, you need a cell phone to call in the sale and get an approval number to guarantee you there is money in the account to cover the sale. When you call in, you will get an approval number to enter on the voucher. Once approval is received, the retailer will have 30 days to send in the paper voucher. Once the paper voucher is received by the EBT contractor, the funds are released and credited to the retailer. If the retailer fails to submit the paper voucher for payment within 30 days, the funds are released and credited back to the recipients EBT account. The farmer (or the market) would be required to keep the signed paper vouchers for three years for audit purposes.

The scenario would be: A food stamp customer wants to buy \$35.00 worth of produce. You fill out the manual voucher and then use your cell phone to call and get an approval number. Enter the number on the voucher. This guarantees the money is there and will be HELD for 30 days to get the voucher number/amount entered when the farmer goes home and has the machine plugged in and enters each sale voucher for the day. After the entry into the point of sale device at home later, the money is then withheld from the client's food stamp account and sent electronically to the farmer's or market's bank account.

### Pilot Programs Available

The state food stamp program has the ability to "pilot" different types of farmers' markets if we find a way to do business with the food stamp card and customer that would be different but more efficient or would better serve the client/farmer. We have tried several different projects. But remember, first the market would have to be authorized to take food stamps or make food stamp sales and then the market would contact the State of Kentucky - Ricky May - at 502-564-7514 to discuss various possible projects that the market might want to try.

### Why Go To All This Trouble?

The question might be at this point, why would I want to be authorized as part of a market anyway? If you are the farmer and you sell only at one place, or always with one group, then you would probably benefit or might benefit by your group having a business manager who would take care of the business/money issues and make payments to each farmer for his or her sales. Remember, the money from the sale to food stamp customers goes directly into one bank account. Make sure the manager of your market is someone you can trust!

### Needed Marketing

Historically, food stamps have not been a big economic force at farmers' markets, even when the coupons were paper and easier to process. If a market wants to do food stamp business, they need to get the word out to food stamp clients that their EBT card is welcome at the market. Also promotional activities and advertising need to reach them so they know where markets are located and what they can find there.

Since transportation is always a problem for many food stamp recipients, the markets that really want to attract a lot of this business need to take steps to reach out to this population the same way markets successful in the FMNP – WIC program have to do. Markets that have opened alternative locations near where the WIC recipients live or had special days or advertising campaigns aimed at WIC recipients have historically had the higher redemption rates. Remember – most WIC recipients and some of the senior FMNP recipients will also have an EBT card. For FMNP markets, special efforts to attract and maintain EBT customers may double your sales to these customers.

If you are interested in accepting the EBT card at your farmers' market, take the following steps:

- 1. Contact Ricky May, Kentucky EBT Project Coordinator, at (502) 564-3440 to discuss your options.**
- 2. If you decide to accept the EBT card, contact your local FNS field office toll-free 1-877-823-4369 to obtain an application to be certified as an FNS authorized retailer.**
- 3. Shortly after receiving FNS approval, you will be contacted by the EBT contractor to discuss the installation of the EBT equipment.**